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Federal Communications Commission
Office of Secretary

September 24, 1996

BY MESSENGER

DOCKET FILE COPY ORIGINAL

William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20037

Re: CC Docket Nos. 96-45; 96-146 and 93-22

Dear Mr. Caton:

The Commonwealth of the Northern Mariana Islands ("Commonwealth")¹ submits this letter to clarify its position in the above-captioned proceedings with respect to universal service support for 800 services in the Commonwealth. As explained below, the Commonwealth urges the Commission to ensure that ratepayers in the Commonwealth are afforded toll-free access to 800 services in accordance with Section 254(b)(3) of the Telecommunications Act of 1996 ("1996 Act").² To the extent that universal service support is required to achieve this goal, it should be made available. The Commonwealth also addresses below the position taken by Micronesian Telecommunications Corporation ("MTC") in the Commission's Pay-Per-Call proceeding (CC Dkt. Nos. 96-146 and 93-22) in order to both clarify the record and ensure the continued availability of 800 services in the Commonwealth. In light of the importance of 800 service to Commonwealth ratepayers, the Commonwealth urges the Commission to give consideration to this filing.

MTC'S PAY-PER-CALL REPLY COMMENTS

In its Reply Comments submitted in the Pay-Per-Call proceeding, MTC explains that "U.S. 800 subscribers do not typically choose to purchase from IXC's 800 service that embraces

¹ This letter is submitted by the Office of the Governor of the Commonwealth.

² Pub. L. No. 104-104, 110 Stat. 56 (1996) (to be codified at 47 U.S. C. §151 et seq.).

the Northern Mariana Islands."³ MTC explains that in order to prevent its customers from being completely denied access to the services available through 800 numbers, MTC accommodates its customers by affording "paid" access to 800 services via Hawaii.⁴ Under "paid" access, as explained by MTC, callers in the Commonwealth are assessed a charge for an international call to switching equipment in Hawaii, where such calls are then routed via the toll-free 800 network. MTC's Reply Comments raise two primary concerns which the Commonwealth brings to the Commission's attention below.

First, the Commonwealth is concerned over the implication left in MTC's filing that, once the Commonwealth becomes part of the North American Numbering Plan ("NANP"), MTC will no longer be able to make available access to 800 numbers in the contiguous U.S. Specifically, MTC states "[c]onsequently, MTC will no longer be able to use 011 + 1880 for paid access to U.S. points unless special arrangements are made."⁵ The implication appears to be that absent special arrangements, access to 800 numbers may not be available in the Commonwealth to those businesses which do not pay to have 800 service that encompasses the Commonwealth. This implication is confirmed by a press report in which Del Jenkins, General Manager of MTC, states, "[i]n the future when the CNMI becomes part of the North American Numbering Plan, we will no longer be able to utilize this 880 international number, and therefore we may lose our ability to carry paid 800 number calls at all....the CNMI will once again be cut off completely from calling 800 numbers where the businesses on the other end don't want to pay for the calls."⁶

The Commonwealth is concerned over this implication and believes that the potential inability to access 800 services in the Commonwealth alluded to by MTC is clearly not in the public interest and would be inconsistent with Section 254(b)(3) of the 1996 Act. Thus, the Commonwealth urges the Commission to ensure that this result is not allowed to transpire in the Commonwealth. The Commonwealth believes that universal service support for 800 services to insular areas--discussed below--could potentially address MTC's concern.

Second, MTC claims in its Reply Comments that the Commonwealth's statement that MTC "routinely bills end users for 800 calls" is "absolutely untrue."⁷ In order to avoid confusion regarding this issue, the Commonwealth wishes to clarify the conditions prevailing in

³ Reply Comments of MTC, CC Dkt. No. 96-146, filed Sept. 16, 1996 at 4-5.

⁴ Id. at 5.

⁵ Id. at 6.

⁶ Marianas Variety, Letters to the Editor, at 7.

⁷ Id. at 4.

the Commonwealth regarding MTC's billing policies for calls placed to U.S. domestic 800 numbers. MTC seems to be preoccupied with semantics in its Reply Comments, and the Commonwealth believes that this could be misleading.

As the Commonwealth indicates in its Comments, end users placing calls to 800 numbers which do not cover the Commonwealth (i.e., the majority of U.S. domestic 800 numbers to which calls are placed in the Commonwealth) are assessed a charge for the call.⁸ In particular, as indicated above, the charge covers the portion of the call from the Commonwealth to Hawaii, where the link to the U.S. domestic 800 network occurs. Despite MTC's emphatic claim that it does not charge for 800 calls, the Commonwealth was clear about this in its Comments, and included the relevant page from MTC's 1996 telephone directory which describes paid access to 800 numbers. As MTC's directory indicates, "[t]hese calls are charged at MTC's economical direct dial rates."⁹ MTC's Reply Comments even later admit that it offers "paid access" to domestic 800 numbers. In short, it is important that there be no confusion that ratepayers in the Commonwealth are in fact assessed charges by MTC for placing calls to 800 numbers for businesses in the contiguous U.S.

Finally, the Commonwealth supports MTC's belief that customers in the Commonwealth "very much appreciate availability of this [800] service."¹⁰ Access to 800 service is crucial to the continued economic development of the Commonwealth. Indeed, the Commonwealth commends MTC on its ability to discover an innovative solution "such as MTC's paid access to otherwise unavailable 800 numbers."¹¹ In an environment predating the 1996 Act and the Commonwealth's impending entry into the NANP as well as inclusion under integrated domestic rates, such a solution has bettered the lives of the residents of the Commonwealth.

UNIVERSAL SERVICE SUPPORT FOR 800 SERVICES

As indicated in its Comments in the Pay-Per-Call proceeding, the Commonwealth believes that MTC's practice of charging callers for access to domestic 800 numbers is inconsistent with the 1996 Act.¹² The Commonwealth's Comments point out that Section 228(c)(7)(A) of the 1996 Act unambiguously prohibits the use of toll-free numbers "in a manner that would result in the calling party being assessed, by virtue of completing the call, a charge

⁸ Comments of the Commonwealth at 3.

⁹ Id. at 3.

¹⁰ Reply Comments of MTC at 5.

¹¹ Id.

¹² Comments of Commonwealth at 4-5.

for the call."¹³ As the Commonwealth also contended, the imposition of a charge for 800 calls impairs public confidence that 800 calling will be toll-free and is inconsistent with the Commonwealth's impending inclusion within the NANP as well as under rate integration.¹⁴ In short, the Commonwealth believes that ratepayers in the Commonwealth--like ratepayers elsewhere in the contiguous U.S.--should receive true toll-free 800 calling and should not pay a 99 cent per minute charge¹⁵ for placing calls to domestic U.S. 800 numbers.

A potential problem with applying Section 228(c)(7)(A) to the Commonwealth, of course, is that MTC incurs costs in routing calls to its switching point in Hawaii in order that the call may then be routed through the domestic U.S. 800 network. To address this potential concern, the Commonwealth suggests that the Commission consider its proposal submitted in CC Dkt. No. 96-45 that the Commission extend universal service support for, inter alia, toll free 800 service in the Commonwealth.¹⁶

In its Comments filed in the Commission's Universal Service proceeding, the

¹³ Id. at 4, citing 47 U.S.C. §228(c)(7)(A).

¹⁴ Id. at 5.

¹⁵ MTC indicates that its new rate for connection to the 800 link in Hawaii is 99 cents per minute seven days a week 24 hours a day. Reply Comments of MTC at 5, n. 5. This new decreased rate took effect on August 9, 1996, just two days after the release of the Commission's Report and Order adopting rules to implement the rate integration requirement of the 1996 Act. See Policy and Rules Concerning the Interstate, Interexchange Marketplace, Report and Order, CC Dkt. No. 96-61, released Aug. 9, 1996. It should be noted, however, that MTC's new 99 cent rate to Hawaii is the same as MTC's new rate to all other mainland U.S. locations. See MTC Transmittal No. 116, filed July 26, 1996, at 1st Revised Page 16B. While the Commonwealth commends MTC on the recent rate reduction and believes that MTC's rates are headed in the right direction, customers placing calls to 800 numbers for businesses in the contiguous U.S. still pay high international rates for the "paid access" portion of the call.

¹⁶ In addition to extending universal service support to toll-free 800 services, the Commonwealth's Comments supported extending universal service support to the services specified in the Commission's Notice of Proposed Rulemaking and Order Establishing Joint Board in CC Dkt. No. 96-45 as well as for access to on-line information services (including the Internet). Comments of the Commonwealth, CC Dkt. No. 96-45, filed April 12, 1996, at 11-14. See also testimony of Dave Ecret, Special Assistant for Telecommunications and Utilities, Office of the Governor, before the Federal-State Joint Board on Universal Service dated September 13, 1996. Indeed, the problem presented by on-line services is similar insofar as users are required to pay a surcharge to cover the high telecommunications costs to route calls to the contiguous U.S. for interconnection with host computers.

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Commonwealth based its request for support for 800 services, in part, on Section 254(b)(3) which provides as follows:

ACCESS IN RURAL AND HIGH COST AREAS.--Consumers in all regions of the Nation, including low-income consumers and those in rural, insular, and high cost areas, should have access to telecommunications and information services, including interexchange services and advanced telecommunications and information services, that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged for similar services in urban areas.¹⁷

Significantly, this provision expressly envisions support for "interexchange services" (which include 800 services) reasonably comparable to those provided in urban areas and at rates reasonably comparable to rates charged in urban areas. To the best of the Commonwealth's knowledge, consumers in all mainland U.S. urban areas have access to genuine toll-free 800 services without being assessed a significant "paid" access charge. Consumers in the Commonwealth should not have to pay a costly charge to MTC to access the domestic 800 service network. Support for 800 service in the Commonwealth falls squarely within the scope of Section 254(b)(3).

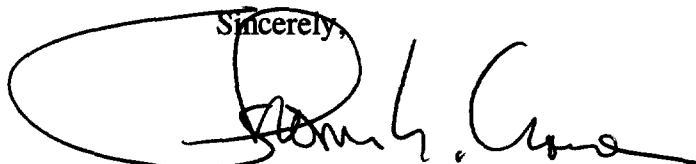
The same analysis also applies to the Commonwealth's request for support to access on-line information services, including the Internet, since Section 254(b)(3) also applies by its terms to "telecommunications and information services".

Accordingly, the Commonwealth urges the Commission to ensure that ratepayers in the

¹⁷ 1996 Act at §254(b)(3).

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Commonwealth are afforded toll-free access to 800 services in accordance with Section 254(b)(3) of the 1996 Act. To the extent that universal service support is required to achieve this goal, it should be made available.

Sincerely,


Thomas K. Crowe,
Counsel for the Commonwealth of the
Northern Mariana Islands

cc: All Commissioners
Universal Service Joint Board
Regina Keeney, FCC
Mary Beth Richards, FCC
John Morabito, FCC
Robert W. Spangler, FCC
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